



Informational Guideline Release

Municipal Data Management/Technical Assistance Bureau
Informational Guideline Release No. 2003-301
July 2003

FISCAL YEAR 2004 WAIVERS
TO EDUCATION REFORM SPENDING REQUIREMENTS AND
MINIMUM REQUIRED LOCAL CONTRIBUTIONS

Chapter 26, Section 610 of the Acts of 2003

This Informational Guideline Release (IGR) informs local officials of provisions of the FY2004 State Budget that allow cities and towns, under certain circumstances, to lower their minimum required contributions to local and regional schools under the Education Reform Act for FY2004.

Topical Index Key:

Schools

Distribution:

Mayors/Selectmen
Regional School Superintendents

FISCAL YEAR 2004 WAIVERS
TO EDUCATION REFORM SPENDING REQUIREMENTS AND
MINIMUM REQUIRED LOCAL CONTRIBUTIONS

Chapter 26, Section 610 of the Acts of 2003

SUMMARY:

The Department of Revenue may adjust municipalities' minimum required local contributions, as defined in G.L. Ch. 70 §2, to local and regional schools for Fiscal Year 2004, in accordance with outside Section 610 of the FY04 state budget. Municipalities have the opportunity to apply for a waiver if they meet any one of the following criteria. These criteria are described in greater detail in Sections A-1 through A-3 of these guidelines.

- In FY03, a municipality used qualifying revenues – that are not available for use in FY04 – to support municipal operating expenditures.
- In FY04, a municipality uses revenues to support extraordinary, non-school related expenses that did not have to be funded in FY03.
- A municipality's FY04 municipal revenue growth factor is two and a half times the statewide average and is deemed to be excessive.

A municipality may seek a waiver based on these criteria through a request to the Department of Revenue by the selectmen in a town, the city council in a Plan E city or the mayor in all other cities. Relief granted on the basis of the three criteria will be allocated proportionately among a municipality's local school district and all the regional districts to which it belongs.

Criteria for another type of waiver, to be requested by regional school districts, are also described in Section A-4 of this IGR. In this case, upon the request of a majority of its member municipalities, a regional school district that used qualifying revenues in FY03 that will not be available for use in FY04 must apply to the Department of Revenue for an adjustment of its net school spending requirement and corresponding adjustments to the minimum required local contributions of its members.

Minimum contributions recalculated based on the criteria described in this IGR will be certified to the Department of Education.

Any waiver of a municipality's minimum required local contribution to a regional school district (based on sections A-1 through A-4 of these guidelines) must be approved by the selectmen in a town, the city council in a Plan E city or the mayor in all other cities, in a majority of the member municipalities, if the regional school budget has already been adopted by two-thirds of the member municipalities. Upon approval by a majority of the member municipalities, the regional school committee must adjust assessments to its members in accordance with recalculated minimum contributions.

Municipalities and regional school districts seeking adjustments based on any of these four criteria must apply in writing to the Department of Revenue. Applications must be postmarked **by October 1, 2003**, in accordance with the instructions on Attachment 1 of these guidelines.

GUIDELINES:

A. Criteria and Data Requirements for Waivers

1. Use of One-time Revenues in FY03

A community will be eligible for consideration for a revenue waiver if qualifying revenues used to support operating budgets in FY03 are not reasonably projected to be available in FY04. Qualifying revenues may include free cash, stabilization fund, overlay surplus and other available funds.

Data Required: FY03 balance sheet for free cash certification and Form B-2 (detailed listing of sources and uses of available funds appropriated to date) and page 2 (actual or estimated to date) from the FY04 tax recapitulation sheet.

2. Extraordinary Non-school Expenditures in FY04

A community will be eligible for an expenditure waiver if it must use revenues to fund extraordinary non-school related expenses in FY04 that it did not have to fund in FY03. Extraordinary non-school related expenses include, but are not limited to, court judgments and operating deficits.

Data Required: FY03 balance sheet and a letter from the municipal accounting officer certifying any extraordinary amounts to be raised in FY04 and page 2 (actual or estimated to date) from the FY04 tax recapitulation sheet.

3. Excessive FY04 Municipal Revenue Growth Factor

A community is not eligible for a growth factor waiver unless its municipal revenue growth factor is greater than or equal to two and one-half times the state average and

it is deemed to be excessive. To qualify a community's growth factor must be 5.18 percent or greater. A growth factor will be considered excessive if the actual FY04 revenue growth is materially less than estimated by the FY04 municipal revenue growth factor. When recalculating the FY04 growth factor, we will use both actual FY04 tax base growth and actual FY03 local receipts.

Data Required: FY04 Form LA-13 suitable for calculating certified FY04 new growth and actual FY03 local receipts, as appearing on FY04 recap sheet, certified by the municipal accounting officer.

4. Use of One-time Regional Revenues in FY03

If a regional school district used qualifying revenues in FY03 that will not be available in FY04, upon the request of the selectmen in a town, the city council in a Plan E city and the mayor in all other cities, in a majority of the member municipalities, the region must apply for a reduction to its net school spending and the minimum contributions of its members. Qualifying revenues include excess and deficiency, surplus and uncommitted reserves.

Data Required: FY03 regional school balance sheet for certification of excess and deficiency and FY03 and FY04 assessment calculations showing revenues applied to the budget and the derivation of net school spending, capital and transportation assessments.

B. Apportionment of Waivers

Any shortfall in FY04 local revenues (Criteria A-1) or increase in FY04 extraordinary expenses (Criteria A-2) will be proportionately applied to a municipality's local and regional school contributions. Consequently, reductions to minimum contributions will be based on the local and/or regional school's proportionate share of the total municipal budget multiplied by the gross revenue shortfall or expenditure increase.

As such, all reductions to minimum contributions (Criteria A-1 through A-4) granted under the authority of Section 610 will be specific to a municipality's local and/or regional school(s) and will not be transferable among them. For example, if a community's regional waiver is not approved by a majority of the member municipalities, this relief cannot be applied to the local school budget or any other region to which the member municipality belongs.

C. Impact of Local and Regional Waivers on School Budgets

Waivers for Local School Contributions -- If a city or town has an approved FY04 budget that exceeds the recalculated minimum required local contribution and net school spending for its local schools (based on sections A-1, A-2 or A-3 of these guidelines), it is up to the local appropriating body (town meeting/city council) to

determine the extent to which the municipality avails itself of any relief granted under this section.

Revenue waivers may result in permanent reductions to a municipality's minimum contributions and net school spending. Expenditure waivers, if acted upon by town meeting or city council, result in temporary relief for FY04 and do not affect minimum contributions and net school spending in subsequent fiscal years.

Waivers for Regional School Contributions -- If the regional school has a legally adopted FY04 budget then any waiver (based on sections A-1 through A-4 of these guidelines) to a member municipality's minimum contribution to the region under this section must be approved by the selectmen in a town, the city council in a Plan E city or the mayor in all other cities, in a majority of the member municipalities. Upon approval by a majority of the members, the regional school committee must adjust the assessments of the affected member(s).

ATTACHMENT 1

EDUCATION REFORM WAIVERS

DIVISION OF LOCAL SERVICES

Please indicate below the type of waiver you are applying for and the documentation enclosed. Return this form with the required data along with a letter of request to Gerard D. Perry, Acting Deputy Commissioner. This letter should provide a brief explanation of your reason(s) for requesting a waiver and must be signed by the selectmen, city council, mayor, or regional school superintendent whichever is applicable. **Applications must be postmarked by October 1, 2003.** If you have any questions, please do not hesitate to contact Rick Kingsley at (617) 626-2376.

Please remit this attachment and cover letter to the attention of:

Amy Januskiewicz
Division of Local Services
P.O. Box 55490
Boston, MA 02205-5490

Type of waiver

Data required

Revenue waiver

- ___ Balance sheet as of June 30, 2003
- ___ Form B-2 for FY04 tax recapitulation sheet
- ___ Page 2 (actual or estimated to date) from the FY04 tax recapitulation sheet

Expenditure waiver

- ___ Balance sheet as of June 30, 2003
- ___ Letter from town accountant/city auditor certifying amounts to be raised in FY04
- ___ Page 2 (actual or estimated to date) from the FY04 tax recapitulation sheet

Municipal Revenue Growth Factor waiver

- ___ FY04 Form LA13
- ___ Actual FY03 local receipts per FY04 tax recapitulation sheet

Regional School Revenue waiver

- ___ Balance sheet as of June 30, 2003
- ___ Assessment calculations for FY03 and FY04